

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name WHITE LAKE AMBULANCE AUTHORITY	County MUSKEGON
Fiscal Year End 6/30/07	Opinion Date 10/17/07	Date Audit Report Submitted to State 10/19/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	No single audit or other reports necessary.	
Certified Public Accountant (Firm Name) BRICKLEY DELONG, PLC		Telephone Number 231-726-5800	
Street Address 316 MORRIS AVENUE, P.O. BOX 999		City MUSKEGON	State MI
		Zip 49443	
Authorizing CPA Signature <i>Timothy D. Arter, CPA</i>		Printed Name TIMOTHY D. ARTER	License Number 10253

for Brickley DeLong, PLC

White Lake Ambulance Authority
Muskegon County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

Year ended June 30, 2007

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White Lake Ambulance Authority

Management's Discussion and Analysis

This section of the White Lake Ambulance Authority (Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended June 30, 2007. Please read it in conjunction with the Authority's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand White Lake Ambulance Authority financially as a whole. The basic financial statements are comprised of the following elements:

Management's Discussion and Analysis (MD&A)

(Required Supplemental Information)

Basic Financial Statements

Financial Statements

Statement of net assets

Statement of revenues, expenses and changes in fund net assets

Statement of cash flows

Notes to Financial Statements

The statement of net assets provides balance as of the end of the reporting period. The statement of revenues, expenses, and changes in net assets provides information related to the activities of the Authority during the year. The statement of cash flows presents detailed information about the Authority's cash collection and disbursement.

Financial Overview

Recall that the statement of net assets provides the perspective of the Authority as a whole.

Statement of Net Assets	<u>2007</u>	<u>2006</u>	<u>Change</u>
Assets			
Current and other assets	\$ 882,408	\$ 725,605	\$ 156,803
Capital assets	<u>153,112</u>	<u>145,781</u>	<u>7,331</u>
Total assets	1,035,520	871,386	164,134
Liabilities			
Current liabilities	53,030	18,099	34,931
Long-term liabilities	<u>31,825</u>	<u>40,075</u>	<u>(8,250)</u>
Total liabilities	<u>84,855</u>	<u>58,174</u>	<u>26,681</u>
Net Assets			
Invested in capital assets	153,112	145,781	7,331
Restricted	148,006	146,530	1,476
Unrestricted	<u>649,547</u>	<u>520,901</u>	<u>128,646</u>
Total net assets	<u>\$ 950,665</u>	<u>\$ 813,212</u>	<u>\$ 137,453</u>

White Lake Ambulance Authority

Management's Discussion and Analysis

The above analysis focuses on the change in the statement of net assets. Current and other assets increased by \$156,803 due to a positive increase in net assets for the year. Current liabilities increased by \$34,931 because the authority received a grant for equipment that will be spent next year and is therefore shown as deferred revenue. The increase in unrestricted net assets of \$128,646 is reflective of the overall increase in net assets.

The results of this year's operations for the Authority are reported in the statement of activities, which shows the changes in net assets for fiscal year 2007.

Statement of Activities	<u>2007</u>	<u>2006</u>	<u>Change</u>
Operating revenues			
Charges for services	\$ 778,268	\$ 808,528	\$ (30,260)
Other revenues	<u>1,890</u>	<u>2,309</u>	<u>(419)</u>
	780,158	810,837	(30,679)
Operating expenses			
Salaries and wages	433,270	431,373	1,897
Fringe benefits	134,312	126,839	7,473
Bad debts and discounts	317,557	335,527	(17,970)
Depreciation and amortization	59,890	54,701	5,189
Other operating expenses	<u>145,325</u>	<u>135,310</u>	<u>10,015</u>
Total operating expenses	<u>1,090,354</u>	<u>1,083,750</u>	<u>6,604</u>
Operating loss	(310,196)	(272,913)	(37,283)
Nonoperating revenues			
Investment earnings	22,380	12,993	9,387
Property taxes	410,363	380,173	30,190
Other nonoperating revenues	<u>14,906</u>	<u>-</u>	<u>14,906</u>
Total nonoperating revenues	<u>447,649</u>	<u>393,166</u>	<u>54,483</u>
Change in net assets	137,453	120,253	17,200
Net assets at beginning of year	<u>813,212</u>	<u>692,959</u>	<u>120,253</u>
Net assets at end of year	<u>\$ 950,665</u>	<u>\$ 813,212</u>	<u>\$ 137,453</u>

The above analysis of the statement of activities highlights focuses on the changes in the statement of activities. Charges for services decreased as a result of the end of an arrangement in the previous year that involved the regular transport of a patient to Muskegon three times a week for medical care. Bad debts and discounts are down as a result of lower charges for services. Property tax revenue continues to rise as taxable values rise. Other nonoperating revenues increased because of donated assets.

White Lake Ambulance Authority

Management's Discussion and Analysis

Capital Asset and Debt

Capital Assets

At June 30, 2007, the Authority had \$153,112 (after accumulated depreciation) invested in a broad range of capital assets, including equipment and leasehold improvements. This amount represents a net increase (including additions, deductions, and depreciation) of \$7,331 from last year. The net capital asset increase was the result of some small equipment purchases and donated computers offset by depreciation expense for the year.

Debt

The Authority's debt consists entirely of compensated absences. The compensated absences policy has been capped and should increase only due to salary and wage increases.

Economic Factors

The Authority had an overall positive year last year due to the additional revenues provided by the property tax levy. The Authority has adopted a budget indicating an increase in net assets for fiscal year 2008. However, the Authority still has an operating loss before property taxes and various items could change this overall outlook for the year such as:

1. Changes in call volume, which can fluctuate from year to year
2. A positive or negative change in mix of patients with health insurance
3. Increased operating insurance costs
4. Increased employee salaries and wages, and fringe benefits
5. Increased costs in recruiting employees and cost of continuing education
6. Aging population with more patients who are insured by Medicare and Medicaid programs which provide for a reduced reimbursement rates for services billed.

The Authority's property tax millage is on the November ballot. The Authority is asking that the millage be renewed at .55 mills, which is a reduction from the current millage of .625 mills. The Authority lowered the amount of millage requested due to expected development in White Lake area over the next few years.

The Authority has improved its financial condition with the property tax levy, but could be negatively affected by various trends in reimbursement rates or changes in the Medicare and Medicaid programs or the elimination of the property tax millage. The Authority has not budgeted any significant capital purchases such as an ambulance for fiscal year 2008.

Contacting the Authority Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those interested in the Authority's finances. If you have any questions about this report or need additional information, contact the White Lake Ambulance Authority at 119 S. Baldwin, Whitehall, MI 49461.

BRICKLEY DeLONG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

October 17, 2007

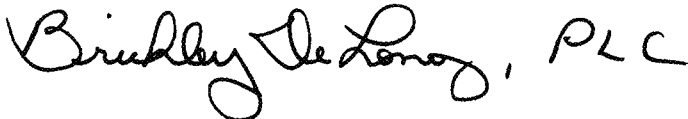
Board of Directors
White Lake Ambulance Authority
Whitehall, Michigan

We have audited the accompanying financial statements of White Lake Ambulance Authority as of and for the year ended June 30, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of White Lake Ambulance Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of White Lake Ambulance Authority, as of June 30, 2007, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages i - iii is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



White Lake Ambulance Authority
STATEMENT OF NET ASSETS
June 30, 2007

ASSETS

CURRENT ASSETS

Cash and investments		\$ 497,299
Accounts receivable	\$ 389,895	
Less allowance for doubtful accounts	<u>(175,000)</u>	214,895
Prepaid items		<u>22,208</u>
Total current assets		734,402

NONCURRENT ASSETS

Restricted assets		148,006
Capital assets, net		<u>153,112</u>
Total noncurrent assets		<u>301,118</u>
Total assets		1,035,520

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	2,851
Accrued liabilities	<u>22,135</u>
Total current liabilities	24,986

DEFERRED REVENUE

28,044

NONCURRENT LIABILITIES

Compensated absences	<u>31,825</u>
Total liabilities	<u>84,855</u>

NET ASSETS

Invested in capital assets	153,112
Restricted for capital assets	148,006
Unrestricted	<u>649,547</u>
Total net assets	<u>\$ 950,665</u>

The accompanying notes are an integral part of this statement.

White Lake Ambulance Authority
**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS**
For the year ended June 30, 2007

REVENUES	
Charges for service	\$ 778,268
Other	<u>1,890</u>
Total operating revenues	780,158
OPERATING EXPENSES	
Salaries and wages	433,270
Fringe benefits	134,312
Bad debts and discounts	317,557
Depreciation and amortization	59,890
Rental expense	9,165
Operating supplies	12,656
Gasoline	15,500
Building and equipment maintenance	30,065
Office supplies	4,607
Insurance and bonds	11,655
Communications	24,222
Utilities	4,343
Education and training	6,695
Professional fees	5,524
Small equipment	7,012
Other	<u>13,881</u>
Total operating expenses	<u>1,090,354</u>
Operating loss	(310,196)
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	22,380
Property taxes	410,363
Intergovernmental revenues - federal	6,100
Contributions from other governmental units	12,000
Loss on disposition of capital assets	<u>(3,194)</u>
Total nonoperating revenues (expenses)	<u>447,649</u>
Change in net assets	137,453
Net assets at July 1, 2006	<u>813,212</u>
Net assets at June 30, 2007	<u><u>\$ 950,665</u></u>

The accompanying notes are an integral part of this statement.

White Lake Ambulance Authority
STATEMENT OF CASH FLOWS
For the year ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 429,232
Payments to suppliers	(132,184)
Payments to employees	<u>(569,895)</u>
Net cash used for operating activities	(272,847)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	410,363
Intergovernmental revenues - federal	<u>34,143</u>
Net cash provided by noncapital financing activities	444,506
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(58,415)
CASH FLOW FROM INVESTING ACTIVITIES	
Investment earnings	<u>22,380</u>
INCREASE IN CASH AND INVESTMENTS	135,624
Cash and investments at July 1, 2006	<u>509,681</u>
Cash and investments at June 30, 2007	<u><u>\$ 645,305</u></u>
Reconciliation of cash and investments to the balance sheet	
Cash and investments	\$ 497,299
Restricted assets	<u>148,006</u>
	<u><u>\$ 645,305</u></u>
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (310,196)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation and amortization expense	59,890
Allowance for doubtful accounts	<u>40,000</u>
Funds for operations	(210,306)
Change in assets and liabilities	
Receivables	(73,369)
Prepaid items	12,191
Accounts payable	950
Accrued liabilities	5,937
Compensated absences	<u>(8,250)</u>
Net cash used for operating activities	<u><u>\$ (272,847)</u></u>
Noncash capital activities	
Contribution of capital asset from another governmental unit	\$ 12,000

The accompanying notes are an integral part of this statement.

White Lake Ambulance Authority
NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the White Lake Ambulance Authority (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority is incorporated under the provisions of Act 57, Public Acts of 1988 in Michigan, for the purpose of providing emergency medical services, equipment, and ambulance services to the incorporating governmental units.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with principal ongoing operations. The principal operating revenues are charges to customers for ambulance services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities and Net Assets

Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Authority reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under this standard, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standard also provides that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Authority intends to hold the investment until maturity.

The Authority has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Authority to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools and certain mutual funds.

White Lake Ambulance Authority
NOTES TO FINANCIAL STATEMENTS—CONTINUED

June 30, 2007

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities and Net Assets—Continued

Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts and utilization of historical loss amounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Property taxes are levied on December 1, and are due without penalty on or before February 14. The property taxes attach as an enforceable lien on property as of December 1. Uncollected real property taxes as of the following March 1 are turned over by the participating municipalities to the County for collection. The County advances the Authority all of these delinquent real property taxes. Collection of delinquent personal property taxes as of March 1 remains the responsibility of the Authority. The 2006 state taxable valuation for real/personal property of the Authority total was approximately \$613,900,000. The ad valorem taxes levied consisted of 0.625 mills for operating purposes.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

Certain resources are classified as restricted assets on the balance sheet because their use is limited for the purchase of capital assets.

Capital Assets

Capital assets, which include leasehold improvements and equipment, are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Leasehold improvements and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3-10
Leasehold improvements	6-10

Compensated Absences

The Authority's employees are granted vacation and sick leave in varying amounts based upon length of service and position. Unused vacation and sick leave do not accumulate from year to year. However, prior to August 2002, sick leave accumulated in varying amounts for different categories of employees up to 600 hours. This unused accumulated sick leave is paid at the employee's current hourly rates upon retirement.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

White Lake Ambulance Authority
NOTES TO FINANCIAL STATEMENTS—CONTINUED
June 30, 2007

NOTE B—DEPOSITS AND INVESTMENTS

Interest rate risk. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The Authority has no investment policy that would further limit its investment choices.

Concentration of credit risk. The Authority does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of June 30, 2007, \$540,772 of the Authority's bank balance of \$662,111 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments. The Authority does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign currency risk. The Authority is not authorized to invest in investments which have this type of risk.

NOTE C—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Capital assets, being depreciated:				
Equipment	\$ 522,752	\$ 70,415	\$ 17,443	\$ 575,724
Leasehold improvements	49,377	-	-	49,377
Total capital assets, being depreciated	572,129	70,415	17,443	625,101
Less accumulated depreciation:				
Equipment	385,327	57,503	14,249	428,581
Leasehold improvements	41,021	2,387	-	43,408
Total accumulated depreciation	426,348	59,890	14,249	471,989
Capital assets, net	<u>\$ 145,781</u>	<u>\$ 10,525</u>	<u>\$ 3,194</u>	<u>\$ 153,112</u>

White Lake Ambulance Authority
NOTES TO FINANCIAL STATEMENTS—CONTINUED
June 30, 2007

NOTE D—COMMITMENTS

The Authority leases a facility from the City of Whitehall, a participating governmental unit, under a fifteen-year agreement requiring quarterly rentals of approximately \$2,300 through December 2008 and the payment of occupancy expenses by the lessee. The total rental expense was \$9,165 for the year ended June 30, 2007. The lease may be renewed for an additional fifteen years at a rental rate sufficient to meet occupancy and maintenance costs of the building.

NOTE E—DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Authority employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. Total contributions to the plan were \$10,861 for the year ended June 30, 2007.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

NOTE F—RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority manages its liability and property risk by participating in the Michigan Municipal Liability and Property Pool (MMLPP), a public entity risk pool providing property and liability coverage to its participating members. The Authority pays an annual premium to MMLPP for its insurance coverage. The MMLPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Authority manages its workers' compensation risk by participating in the Michigan Municipal Workers' Compensation Fund (MMWCF), a public entity risk pool providing workers' compensation coverage to its participating members. The Authority pays an annual premium to MMWCF for its workers' compensation coverage. The MMWCF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Authority carries commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE G—SUBSEQUENT EVENT

In August 2007, the Authority purchased equipment for \$29,520.

BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

October 17, 2007

Board of Directors
White Lake Ambulance Authority
Whitehall, Michigan

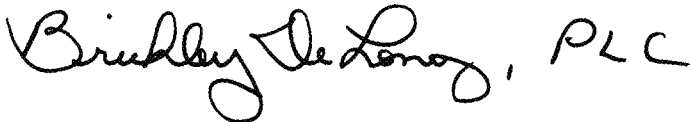
In planning and performing our audit of the financial statements of White Lake Ambulance Authority as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered White Lake Ambulance Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of White Lake Ambulance Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of White Lake Ambulance Authority's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we considered to be material weaknesses as defined above. However, we identified and we have attached deficiencies in internal control that we considered to be significant deficiencies.

This communication is intended solely for the information and use of management, the Board of Directors, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



SIGNIFICANT DEFICIENCIES

Recommendation 1: The internal controls surrounding the preparation of formal year end financial statements should be improved.

Small organizations with limited resources and personnel inherently have difficulty in establishing and maintaining effective internal accounting controls related to the preparation and review of the formal year end financial statements.

The Organization should review its procedures surrounding the preparation of year end financial statements to include the appointment of an individual with the requisite technical skills and experience to review the formal year end financial statements and accompanying footnotes, in relation to required disclosures in accordance with generally accepted accounting principles.

Recommendation 2: General ledger account balances should be regularly analyzed for their accuracy in relation to supporting documentation.

During our audit, we noted various account balances that were not reconciled to supporting documentation on a timely basis. This resulted in a large number of adjustments at year end. Since some of the adjustments were individually significant to the Authority, the adjustments significantly affected the interim financial statements.

The timely review and analysis of all general ledger account balances throughout the year and the reconciliation of significant account balances to supporting schedules would improve the accuracy of interim financial statements.

We consider the following item contained in our August 26, 2006 letter as still applicable.

Recommendation 3: Evidence of receipt should be documented on all invoices.

We consider the following items contained in our September 14, 2005 letter as still applicable.

Recommendation 1: Bank statements should be received directly and reviewed by the Ambulance Director prior to the bank reconciliation procedure being performed by the bookkeeper.

Recommendation 2: Bank reconciliations should be reviewed and approved by the Ambulance Director.

Recommendation 4: Internal controls over journal entries should be improved by requiring documented journal entry approval.

We consider the following item contained in our January 6, 2003 letter as still applicable.

Recommendation 2: The accounts receivable subsidiary ledger should be reconciled to the general ledger monthly.